

PHASE 1 CLOSEOUT CHECKLIST

Contractor Name: _____

Project Name & Address: _____

Contract Number: _____

Staff: _____

Contact Name: _____

Contact Phone Number: _____

Date of Site Visit: _____

Required Documents	OCD file	Required	Verify on-site	Comments
1. CONTRACTUAL DOCUMENTS				
A. A separate file for the HFU contract			X	
B. Fulfillment of the Scope of Work according to the contract terms and conditions				
C. Final Development Budget(income and expense in source and uses statement)				
D. Efforts to include MWBE in project construction/rehabilitation			X	
E. Efforts to market units to the target population, i.e., ads, flyers, etc			X	
F. Appraisal				

PHASE 1 CLOSEOUT CHECKLIST - Continued

Required Documents	OCD file	Required	Verify On-site	Comments
1. SECURITY INSTRUMENTS				
B. Tenant Qualification criteria and Procedures for tenant selection				
A. House rules C. Facility maintenance plans D. Service plans E. Property management team with job descriptions F. Three-year operating budget (including separate line item of operating and replacement reserves)				
G. Tenant Qualification criteria and Procedures for tenant selection			X	
H. Tenant eligibility-income verification (procedures and intake form)			X	
H. A copy/description of accounting System including procedures and Safeguards				
4. FINANCE REPORTING				
A. Current operating budget				
B. Chart of accounts: 1. Accounting codes to track actual operating revenues and expenses 2. Separate General Ledger account for Operating Reserves 3. Replacement reserves			X X X	*Operating Reserves: Account balance \$ Anticipated /Actual deposit per unit per year: \$ *Replacement Reserves: Account balance \$ Anticipated/Actual deposit per unit per year : \$
C. Fiscal reporting year:				
D. Current audit report				

PHASE 1 CLOSEOUT CHECKLIST - Continued

5. SINGLE FAMILY HOMEOWNERSHIP PROJECTS	
A. Final list of homeowners incl. address	
6. FACILITIES	
A. Number of buildings/units	Building: _____ Units: _____
B. Building physical condition	Certificate of Occupancy: Yes ____ No ____ Final Permit Inspection: Yes ____ No ____ Housing Quality Standards: Pass ____ Fail ____ Corrected ____ _____
Notes:	

PHASE 1 CLOSEOUT CHECKLIST - Continued

INSTRUCTIONS

Note: Shaded items are verified on-site.

1. CONTRACTUAL DOCUMENTS

- A. The contractor will maintain a separate file for HTF contracts. The reviewer will examine the contract file, verifying that the contract is present and complete.
- B. The reviewer will inspect the property and construction-related documents to ensure that the scope of work of the contract is fully completed.
- C. The contractor will provide the reviewer a Final Development Income and Expense Statement (this document must include all funding sources and the uses those funds were put to) that shows all actual capital funding sources for the project and development cost expense items. The Development Budget in the original application was a proposed, not final, explanation for the use of capital funds.
- D. For federally funded new construction or rehabilitation projects, the reviewer will examine documentation of the contractor's outreach efforts to include Minority and Women owned Business Enterprises in new construction or rehabilitation. The reviewer will review the procedures for soliciting bids and hiring contractors for the various stages of the project.
- E. The reviewer will examine the marketing plan that outlines how the organization will market units to the target population of residents and review documentation that the marketing plan was implemented. For example, if housing applications are based on referrals from other organizations, provide copies of the documents you receive from each referring agency. If your referral efforts include walk-in tenants, provide us any marketing materials, i.e., ads, flyers, etc.
- F. The reviewer will examine the file to identify whether documentation of the appraisal supporting the purchase price of the property is evident. The appraisal must have been completed by an independent third party appraiser.

2. SECURITY INSTRUMENTS

The reviewer will verify that the following security documents listed in this section are completed and on file with the contractor.:

- A. The contractor's copy of our executed contract, and all amendments, if any. This is the same as Item 1A above.
- B. A copy of the recorded Deed of Trust. The reviewer will verify that the original recorded Deed of Trust was submitted to the Department prior to departing on the Phase I Closeout visit.
- C. A copy of the promissory note to the Department. The reviewer will verify that a copy of the promissory note was submitted to the department prior to departing on the Phase I Closeout visit.
- D. A copy of the recorded Low Income Housing Covenant Agreement. The reviewer will verify that the original recorded covenant was provided to the department prior to departing on the Phase I closeout visit.

- E. The reviewer will review the Lender's Title Insurance documents, ensuring that the department's interests in the property are adequately protected.
- F. Current property insurance records indicating appropriate levels of coverage and naming CTED as lender loss payee. Prior to departing for the site visit, the reviewer will verify that current coverage confirmation forms reflecting appropriate levels of coverage and naming CTED as lender loss payee have been submitted to the Department . The contractor must provide CTED with a current copy of the insurance verification sheet annually as coverage is renewed
- G. Current liability insurance indicating appropriate levels of coverage and naming CTED as an additionally insured party. Prior to departing for the site visit, the reviewer will verify that current coverage confirmation forms reflecting appropriate levels of coverage and naming CTED as an additionally insured party have been submitted to the Department., The contractor must provide CTED with a current copy of the insurance verification sheet annually as coverage is renewed
- H. An assignment, assumption and consent agreement, if appropriate, as in items 1A and 2A above.
- I. Subordination/priority agreements reflecting the same agreements on file with CTED, if appropriate.
- J. Prior to departing for the site visit, the reviewer will determine whether the contract for the project calls for delivery of services to the tenants. If such service delivery is called for and requires licensing, the reviewer will examine the required license(s) on site for appropriateness and current status.
- K. The reviewer will examine the Certificate of Occupancy and/or the final inspection documents finding that the property meets the local building code requirements and is suitable for occupancy by the intended tenants. These documents may include facility-licensing documents issued by other government agencies such as the Department of Social and Health Services or the Department of Health.

3. MANAGEMENT PLAN

The Management Plan is due to the Department 60 days prior to the project opening. This is a single comprehensive document that describes policies, procedures, and strategic plans regarding the project funded by CTED. The management plan should be a component of the contracting organizations overall business plan. An example of such a business plan may be found at Exhibit 5-4.

- A. The reviewer will examine the house rules. These rules are the policies and procedures that include the terms and conditions of residency as required by the tenant's lease, the manager's business hours, mandatory meetings of tenants, if any, etc.
- B. The reviewer will examine the facility maintenance plan, which describes the building components and the short and long term maintenance and replacement needs of those components. Other elements of the plan, i.e., fire safety, pest control, etc., will also be reviewed for adequacy. This correlates with operating and replacement reserves and the amount of funds to be maintained in those accounts.
- C. The reviewer will examine the service plan(s) that describe the types of services that the contractor has agreed to provide to tenants, if any. The plan(s) should including short- and long-term tenant services.
- D. The reviewer will examine the membership of the property management team and their job descriptions. The review will include the list of the property management staff, including volunteers, their roles in managing the property in question and, responsibilities in property management. This requirement includes asset management staff, if any.

PHASE 1 CLOSEOUT CHECKLIST - Continued

- E. The reviewer will examine the contractor's three-year operating budget, including the current year for adequacy in assuring that the property will remain viable during that time.
The reviewer will examine the contractor's tenant qualification criteria and procedures for tenant selections from the project management plan. This portion of the plan will explain how the contractor selects tenants. If combined with referrals and walk-ins, explain the process and qualification criteria.
- F. The reviewer will examine tenant selection, income verification and rent determination documents to ensure that tenants are qualified to reside in the project. The management plan and selection criteria and procedures must be consistent with HTF rent and income requirements. If tenants are/were referred, identify the referral agency and review the referral form used by that agency. If tenants are/were walk-ins, examine a copy of the contractors in-take form and review the methods used to verify client's eligibility.
- G. The reviewer will examine the accounting system, including internal control procedures and safeguards against fraud or abuse. Review any bookkeeping procedures used to track the financial activities of the project, procedures to authorize payments to subcontractors and, levels of reserve accounts compared with projected needs of the project.

4. FINANCE REPORTING

- A. The reviewer will review the current operating budget, as in item 3E above.
- B. The reviewer will examine the contractor's chart of accounts (account codes to track actual operating revenues and expenses). The reviewer will examine the operating and replacement reserves accounts for compliance with the management plan and ensure that separate General Ledger Accounts are maintained for each. Determine the position and person controlling the account information for operating and replacement reserves.
- C. The reviewer will ascertain the fiscal reporting year of the contractor and enter that information here.
- D. The reviewer will determine, prior to departing for the site visit, if a current audit report has been submitted. If not, the current audit will be reviewed at the contractor's offices, and the contractor will be advised to submit a copy of the current audit and all management letters and notes to the Departments audit manager.

5. SINGLE FAMILY HOMEOWNERSHIP PROJECTS.

- A. The reviewer will examine the final list of homeowners, including the addresses of homes financed, and compare that information with the amounts distributed.

6. FACILITIES

- A. Number of building and units. The reviewer will enter the total number of buildings in the project in the building space and the total number of units in the project in the units space. The number of units will depend upon the type of units called for in the contracts. The units could be apartments, single family homes, rooms or beds.
- B. Building physical condition. The reviewer will inspect the buildings in the project and note their overall condition as Excellent, Good, Adequate or Inadequate.